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SUBJECT: HUNGARY INCSR PART I

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¶1. (U) Summary: Hungary continues to be a primary narcotics transit country between Southwest Asia and Western Europe due to its combination of geographic location, a modern transportation system, and the unsettled political and social climate in the neighboring countries of the former Yugoslavia. Since the collapse of communism in Europe, Hungary has become a significant consumer of narcotics as well. Drug abuse, particularly among persons under 40 years of age, rose dramatically during the nineties. Recent trends suggest that drug abuse is now hitting a plateau, but experimentation with drugs is beginning at an earlier age. Marijuana is the most popular illicit drug in Hungary, followed by Ecstasy (MDMA) and amphetamines, LSD and other hallucinogens, cocaine, and finally heroin. In the lead up to its accession to the European Union in May 2004, Hungary adopted and amended much of its narcotics-related legislation to ensure harmonization with relevant EU narcotics law. Since 1999, the Ministry of Social Affairs and Labor has been the lead ministry in all matters related to narcotics issues. Hungary continues to expand the collection and reporting efforts of its National Focal Point (NFP). The NFP was established in February 2004 to report valid, comparable and reliable data on drug abuse trends to the European Monitoring Center for Drugs and Drug Addiction. Hungary met Schengen Standards for border control and joined the Schengen area on December 21, 2007. Hungary is a party to the 1988 UN Drug Convention. End summary.

¶2. (U) Status of Country: Hungary continues to be a primary transit route for illegal narcotic smuggling from Southwest Asia and the Balkans into Western Europe. It is also a primary transit route for narcotics from Western Europe into the Balkans. According to the Hungarian National Bureau of Investigation (NBI), foreign organized crime, particularly Albanian, Turkish, Serbian, and Kosovar, controls the transit and sale of narcotics in Hungary. Domestic cultivation of drugs is relatively limited, but Hungarian law enforcement agencies note the recent increase of Vietnamese groups involved in sophisticated indoor cannabis cultivation. Officials report that cocaine, which just a few years ago was considered a VIP drug, is becoming increasingly popular as its street price declines.

The new national drug strategy for 2010-2018 is expected to have legislative approval by the end of 2009.

COUNTRY ACTIONS AGAINST DRUGS IN 2009

¶3. (U) Policy Initiatives: The Hungarian government developed its new national drug strategy for 2010-2018 this year. Ministry officials expect the cabinet to present the final proposal to Parliament in October 2009, with legislative approval by the end of the year. According to the Directorate for the National Co-ordination of Drug Affairs, the new strategy contains no major changes from the current strategy and is fully in line with the European Union's drug strategy. It is based on prevention, treatment, and supply reduction. The Drug Prevention Coordination Committee, created in 1998, facilitates the implementation of the country's national counter-narcotics strategy and coordinates among different ministries and national authorities to combat drug abuse. It is co-chaired by the Minister of Health and the Minister of Social Affairs and Labor. The Hungarian National Focal Point, which

was established in 2004, is charged with the compilation of an annual report of data for the European Monitoring Center for Drugs and Drug Addiction. The National Drug Prevention Institute (NDPI) was set up in 2000 to provide technical and financial support for drug action teams in cities with populations over 20,000. The NDPI encourages the creation of local fora composed of officials of local government institutions, law enforcement agencies, schools and non-governmental organizations to create local drug strategies customized for local needs.

¶4. (U) In July 2009, the Institute for Forensic Sciences, with the support of the Directorate for the National Co-ordination of Drug Affairs, launched a new project to enhance the monitoring of active substances in critical drugs. The goal of the project was to monitor the purity divergence of illegal substances most likely to cause drug death through overdose. When rare or dangerous components are detected in samples, The Institute of Forensic Sciences forwards this information to the National Focal Point and other relevant organizations. As an early warning system, the Ministry of Social Affairs and Labor considers the project successful in reducing overdose deaths.

¶5. (U) Hungary continued to maintain strong regional expert relations with neighboring countries, including Croatia and Romania. The countries collaborated on initiatives including regular study visits and expert conferences to facilitate information exchange in the drug policy field. In cooperation with the Netherlands, Hungary also assisted Serbia, Montenegro, and Macedonia in preparing national drug strategies as part of their European Union pre-accession process. Within the framework of the Central Dublin Group, Hungary was co-chair of the Balkans Regional Group with Austria in 2009 and will continue to co-chair the regional group in ¶2010. In its role as co-chair, Hungary helps to assess the situation in the Balkans and develop its regional contacts.

¶6. (U) Law Enforcement Efforts: Hungary met Schengen standards for border control at the end of December 2007, and joined the Schengen

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area. The Hungarian Border Guards were merged with the Hungarian National Police (HNP) and greater cooperation, information sharing, and efficiency in border interdiction was reported. Accession to the European Union (EU) provided Hungarian border guards and national police forces with greater access to modern electronic detection equipment provided by the European Union to certain high-threat border posts. This equipment was initially installed in 2003, and has continued to result in improved border interdiction of all types of contraband. Expanded investigative authorities and cooperation between the Hungarian border guards and the Hungarian national police, coupled with investigative agreements with neighboring countries, have also played a significant role in increasing Hungary's ability to interdict shipments of narcotics. Despite these successes, Hungary continues to be a significant trans-shipment point for narcotics destined for, and sent from, Western Europe. The Hungarian Ministry of Finance and the national headquarters of the Customs and Finance Guard supported anti-narcotics and anti-smuggling activities as well. These groups jointly planned and staged actions related to crime and border security that were specifically designed to prevent drug trafficking and a wide range of illicit transit and smuggling activities.

¶7. (U) According to the National Focal Point (NFP), in 2008 there were 5,459 drug-related criminal proceedings in Hungary, a 17% increase over 2007. This breaks a two-year trend of declining drug-related criminal proceedings, from a high of 7,616 in 2005 to a five-year low of 4,667 in 2007. 83.4% of illicit drug offenses involved demand-related activities, most often personal use. Supply-related criminal offenses (offering, supplying, distributing, trafficking, etc.) were 16.14% of all offenses. Based on the 2008 criminal offense data, the NFP concludes that drug-related criminal offenses are now less influenced by previous changes in the legal environment.

¶8. (U) The National Bureau of Investigation (NBI) notes that drug-related law enforcement activities used to be primarily focused on Budapest, where the drug problem was fairly contained. In recent years, however, law enforcement officials observe that drug abuse and drug-related criminal offenses have spread to other large cities around Hungary. Many observers inside and outside of the government have cited insufficient asset forfeiture laws as a main stumbling

block in disrupting criminal organizations involved in the drug trade.

¶9. (U) The cooperation between the HNP and the U.S. Drug Enforcement Administration (DEA) Office in Vienna, Austria, has improved dramatically within the past year, with DEA describing the current relationship as "outstanding." DEA and the National Bureau of Investigation share information and coordinate joint international money laundering and drug trafficking operations.

¶10. (U) Corruption: As a matter of government policy, Hungary does not encourage or facilitate the illicit production or distribution of drugs or substances, or the laundering of proceeds from illegal drug transactions. The Hungarian Government aggressively enforces its narcotics-related laws. In addition, it takes administrative steps (e.g., the regular re-posting of border guards) to reduce the temptation for corruption whenever it can. It is difficult, however, to assess accurately the scope and success of Hungarian efforts to combat corruption, as the GOH treats corruption-related information and prosecutions as classified national security information.

¶11. (U) Agreements and Treaties: Hungary is party to the 1961 UN Single Convention, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A mutual legal assistance and an extradition treaty between the U.S. and Hungarian Governments have been in force since ¶1997. These agreements have paved the way for closer cooperation between U.S. and Hungarian law enforcement agencies. In addition, in December 2006 the Hungarian National Assembly ratified the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. The United States and Hungary also have a bi-lateral extradition treaty in effect. Hungary is a party to the UN Corruption Convention.

¶12. (U) Cultivation/Production: The National Bureau of Investigation (NBI) reports that marijuana is the only illicit drug domestically cultivated in Hungary. In the past year, Hungarian authorities have reported an increase in more sophisticated marijuana cultivation, primarily by Vietnamese groups. In the recent past, domestic marijuana cultivation was limited to relatively small-scale and unsophisticated operations. Current trends indicate that organized groups are now purchasing entire buildings for larger-scale, indoor production centers. These groups have access to expensive technology which professionalizes the cultivation process and increases output. According to Hungarian authorities, these groups are involved in both the cultivation and distribution of marijuana, essentially controlling the entire supply chain. They have also attempted to forge closer ties with Turkish groups involved in heroin trafficking. The NBI reports that there are virtually no synthetic laboratories operating in Hungary.

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¶13. (U) Drug Flow/Transit: Hungary is a narcotics importer country as well a transit route between countries. Narcotics enter the country via routes frequently controlled by criminal groups. According to The National Bureau of Investigation (NBI), synthetic drugs come primarily from the Netherlands. Organic drugs, such as heroin and cocaine, follow different routes. Heroin generally comes from Turkey and passes through Hungary on its way to Western Europe.

The NBI reports that Albanian, Turkish, Serbian, and Kosovar groups are involved in the trafficking of heroin through Hungary. The NBI also reports that they are noticing a recent change in the trafficking of cocaine. Cocaine, which used to enter Hungary primarily from the Netherlands, now arrives directly from Spain, presumably from sources in Central and South America.

¶14. (U) According to local authorities, the majority of illicit drug flow into Hungary crosses the country's land borders, often from Austria and Slovakia. Narcotics are also smuggled into Hungary through Budapest's Ferihegy International Airport. The NBI reports that five years ago they were seizing larger shipments of narcotics, sometimes around 200 kilograms a shipment. They have noticed a recent change in which organized crime is moving smaller, but more frequent, quantities of narcotics across borders.

¶15. (U) Synthetic drugs have distinct transit patterns. Ketamine, which is a popular anesthetic in veterinary medicine but is also used as a recreational drug, primarily enters Hungary from Slovakia.

Gamma Hydroxybutyrate (GHB) and Gamma Butyrolactone (GBL), on the other hand, generally arrive from sources in Western Europe. Narcotics precursors, such as acetic acid anhydride, pass through Hungary from the Czech Republic and Slovakia on their way to Serbia and other Balkan countries. Hungarian authorities report that Serbian organized crime is involved in this trade.

¶16. (U) Domestic Programs/Demand Reduction: Hungarian ministry officials report the drug abuse is significantly higher among youth between the ages of 12-25 and truly addicted drug abusers are more commonly found in the 25-34 age group. The majority of addicted drug abusers are male, with an average age of 25 years, and use amphetamines, heroin, or Ecstasy.

¶17. (U) Much of the drug prevention outreach in Hungarian schools is subcontracted to NGOs and other organizations. According to the Hungarian National Focal Point (NFP), in 2008 the Ministry of Social Affairs and Labour and the Ministry of Education and Culture jointly issued tender invitations for school-based health promotion and drug prevention programs in the amount of HUF 170 million (USD 925,000). As a result of this funding, 30,090 primary school students (aged 10-14) and 54,860 secondary school students (aged 14-18) participated in drug prevention programs. In addition to school-based drug prevention programs, Hungarian authorities have identified 162 service providers of out-of-school drug prevention programs. The Ministry of Education and Culture also granted HUF 5 million (USD 27,000) to support drug prevention training courses for teachers. In one particular course dealing with addictive substances, nearly 100 teachers participated.

¶18. (U) Public schools in Hungary include several drug prevention and health promotion programs in their normal education program. The life skills program is the largest of the counter-narcotics programs and was developed in the early nineties with INL assistance through USIA. Through 2005, the fifteen year program has trained nearly 12,000 teachers and educators. Community-based prevention efforts are primarily focused on the teen/twenties age group and provide information about the dangers of substance abuse while emphasizing active and productive lifestyles as a way of limiting exposure to drugs.

¶19. (U) According to the Ministry of Health and the NFP, the total number of users receiving both inpatient and outpatient treatment during 2008 was 14,353, a 6.7% increase from 2007. Local authorities in Hungary are implementing harm reduction programs to counter the societal impact of drug abuse. According to the NFP, in 2008 there were eighteen service providers operating needle/syringe programs (NSPs) in Hungary, with four of them located in Budapest and fourteen of them located outside of Budapest. In 2008 new NSPs were launched in three towns (Salgstarjn, Kaposvr and Oroshza), improving the needle/syringe program coverage of the regions outside of Budapest. In 2008 both the number of distributed and returned syringes increased significantly outside of Budapest. Since 2007 buprenorphine-naloxone has been a possible substitution treatment in Hungary. Since October 2008 a daily dose of 8 mg of buprenorphine-naloxone has been financed by the social insurance fund. Methadone treatment is still the preferred substitution treatment in Hungary, but buprenorphine-naloxone is being used more and more frequently.

¶20. (U) The 2003 amendment to Hungarian counter-narcotics legislation was designed to shift the focus of criminal investigations from consumers to dealers. Before this amendment was enacted, Hungarian civil rights advocates claimed that the Hungarian narcotics law, among the toughest on users in Europe, subjected even casual users to stiff criminal penalties, while addicts were often exempted from prosecution. The 2003 amendment called the "diversion program" allowed police, prosecutors, and judges to place drug users in a six-month government-funded treatment program or mandate participation in a counseling program instead of prison. Drug

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addicts are encouraged to attend treatment centers while casual users are directed to prevention and education programs. The amendment also provided judges with more alternatives and flexibility when sentencing drug users. According to Ministry of Health data, 2,660 drug users participated in diversion programs in 2008. This marks the second straight year in which the number of drug users participating in diversion programs has decreased.

¶21. (U) There is some debate about the success of the diversion program in Hungary. Some political groups, in particular, talk

about a return to tougher penalties for drug use. Within the government, however, there is agreement that diversion, while not perfect, has helped to further the legal distinction between drug users and drug suppliers. It is also seen by many as a success simply by providing many drug users with an alternative to criminal procedures.

#### U.S. POLICY INITIATIVES AND PROGRAMS

¶22. (U) Bilateral Cooperation: The primary USG focus in support of the GOH counter-narcotics efforts is through training and cooperative education at the International Law Enforcement Academy (ILEA). In addition, the DEA maintains a regional office in Vienna, Austria, that is accredited to Hungary to work with local and national Hungarian authorities. DEA and the Hungarian National Bureau of Investigation (NBI) share information and coordinate joint international money laundering and drug trafficking operations. A joint FBI/NBI task force identifies, investigates, and disrupts/dismantles criminal organizations in Hungary and the surrounding region.

¶23. (U) Road Ahead: The USG continues to support and encourage Hungarian efforts regarding drug prevention, treatment, and supply reduction. The USG also continues to support GOH law enforcement efforts through training programs and seminars at the ILEA as well as through specialized in-country programs.

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